(d) if so, the details thereof and how Government is going to protect agriculture sector from these negative effects; and

(e) if not, the reaction of the Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) Yes, Sir.

(b) India has signed Trade in Goods Agreement with ASEAN on 13th August, 2009. This Agreement is envisaged to come into force from 1st January, 2010.

(c) No, Sir.

(d) Does not arise.

(e) Majority of the agriculture items are protected under the India-ASEAN Trade in Goods Agreement by placing them in the Exclusion (Negative) List where no tariff concessions are available to ASEAN countries. A complete list of India's offer is available at http://commerce.gov.in/trade/international_ta_indasean.asp

Measures for export growth

593. DR. T. SUBBARAMI REDDY:
SHRI RAJEEV SHUKLA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Central Government is all for the transparency in process, accountability, simplification of process and correcting anomalies in legislation for exporters;

(b) if so, whether in a meeting of the Federation of Indian Exporters Organisation he had assured that Government will revive exports growth;

(c) whether exports decreased by 26 per cent in July and it is continuing to decrease for the last several months;

(d) if so, whether Government will call inter-State councils meeting; and

(e) the steps taken for import export growth?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) Yes Sir. Government monitors and reviews the policy and the procedure laid there-under, for simplification and transparency in its operation, on a continuous basis.

(b) and (c) Government is committed to revive the growth in exports. Due to significant impact of global economic slowdown and recession in our traditional export markets in developed countries, rate of growth in exports has been negative since October, 2008. In July, 2009, the decline was 28.4% in Dollar terms.

(d) Yes Sir. The Government proposes to hold a meeting of the Inter State Trade Council.

(e) The Government and RBI have announced stimulus packages including the measures announced in Budget 2009-10, to arrest the decline in exports. These measures are given in enclosed Statement (*See* below). Additional measures have been announced in Foreign Trade Policy, 2009-14, which is available in the public domain and can be downloaded from the website http://dgft.gov.in.

Statement

Steps taken by Government/RBI to address the concerns arising out of present global economic slowdown.

Government announced a number of Stimulus packages, including the measures taken by RBI on the fiscal front since last quarter 2008 and the announcements made in the Budget 2009-10, to address the immediate impact of the Global economic slowdown and its impact on Indian economy. The Government and the RBI are closely monitoring the economic developments in the country and internationally. Measures taken by the Government constituted substantial counter-cyclical stimulus during the last one year. Broadly the announcements were:

(A) **Measures taken by the Government**:

(1) Interest subvention of 2% provided till 30.09.2009, has been extended upto 31.3.2010, to the following labour intensive sectors for exports:-

Textiles (including Handlooms), Handicrafts, Leather, Gems and Jewellery, Marine Products and SMEs;

(2) Additional funds of Rs. 350 crore provided (in December 2008) for Handicraft items etc. in Vishesh Krishi and Gram Udyog Yojana (VKGUY).

(3) Market Linked Focus Product Scheme extended for bicycle parts, Motor Cars and Motor Cycles, Apparels and Clothing accessories, Auto Components etc. for exports from 1.4.09 to 30.09.09;

(4) Rs. 1100 crore provided to ensure full refund of pending claims of CST/Terminal Excise duty/Duty drawback on deemed exports;

(5) Exporter friendly and the popular Duty Neutralisation Scheme *i.e.*, Duty Entitlement Passbook (DEPB) Scheme extended upto 31st December, 2009;

(6) DEPB rates for all items where they were reduced in November, 2008, restored to higher rates from retrospective effect;

(7) Duty Drawback rates on certain items restored to higher rates effective from 1st September, 2008;

(8) DEPB and Freely Transferable Incentive Schemes allowed without the initial requirement of Bank Realisation Certificate (BRC);

(9) Export Obligation Period under Advance authorization Scheme enhanced from 24 months to 36 months without payment of composition fee.

(10) Back-up guarantee made available of ECGC to the extent of Rs. 350 crore to enable it to provide guarantees for exports to difficult markets/products. ECGC is now been able to widen its coverage;

(11) Additional funds of Rs. 1400 crore provided to the Ministry of Textiles to clear the backlog claims of textiles units under Technology Upgradation Fund (TUF);

(12) MDA Scheme-allocation increased to Rs.124 crores (increased by 148%);

(13) Additional items allowed within the existing duty free imports entitlement for the following employment oriented sectors:

(i) 5 additional items for sports goods sector;

(ii) Additional items for leather garments and footwear and textile items.

(14) Fringe Benefit Tax (FBT) abolished;

(15) Section 10A and 10B related to Sunset clauses for STPI and EOUs schemes respectively extended for the financial year 2010-2011. Anomaly removed in Section 10AA related to taxation benefit of 'unit *vis-a-vis* assessee';

(16) Export duty on iron ore fines eliminated, and for lumps, reduced to 5%;

(17) Some pending issues relating to Service Tax refund on exports-resolved. Some of these are:

(i) Exemption from Service tax on services linked to exports:

(a) On service related to transport of export goods by road form any CFS or ICD to the port or Airport and on service related to transport of export goods by road directly from their place of removal, to an ICD, a CFS, a port or airport;

(b) Services provided by Foreign Agent Commission service.

(ii) Procedure for refund of service tax simplified by allowing refund on self certification in case refund claim does not exceed 0.25% of FOB value of exports; and certification by Chartered Accountant in case of others;

(iii) Time period for filing refund claim increased to 1 year from the date of export (as against half-yearly).

(18) For Fast Track Resolution of a number of procedural issues thereby reducing delays for the exporters, a Committee constituted under the Chairmanship of

Finance Secretary including Secretaries of Department of Revenue and Commerce; A number of issues sorted out accordingly;

(19) Excise duty reduced across the board by 4 per cent, for all products except petroleum products and those products where current rate was less than 4%. Excise Duty was further reduced by another 2% in certain products like Leather etc.;

(20) The guarantee cover under Credit Guarantee Scheme for Micro and Small Enterprises on loans doubled to Rs. 1 crore, with a guarantee cover of 50%. The guarantee cover extended by Credit Guarantee Fund Trust increased to 85% for credit facility upto Rs.5 lakh. The lock-in period for such collateral-free loans reduced.

(21) An Adjustment Assistance Scheme initiated in December' 08 to provide enhanced ECGC cover at 95% to the badly hit sectors, continued till March, 2010;

(22) To protect the domestic manufacturing industry from dumped/cheap imports, in particular, from China, import restrictions have been imposed on HR coil, Carbon Black, Polyester Filament Yarn (PFY) and Radial Tyres (Bus and Trucks);

(23) Mega Handloom clusters in West Bengal and Tamil Nadu and Powerloom cluster in Rajasthan and New Mega clusters for carpets in Srinagar and Mirzapur approved;

(24) Basic customs duty of 5% on Rough/Unworked corals abolished;

(25) Import duty on naphtha for power sector eliminated;

(26) CVD on TMT bars and structurals and on cement removed;

(27) Exemption from basic customs duty on Zinc and Ferro Alloys withdrawn;

(28) Regular monitoring mechanism:-

(a) The situation is being regularly monitored at the highest level of Government, so that immediate further corrective measures, can be taken as may be required. In this regard, the Government has constituted the following two High Level Committees which have been deliberating the issue on regular basis:

(i) An Apex Group chaired by Prime Minister with Finance Minister, Commerce Minister, Deputy Chairman (Planning Commission), RBI Governor;

(ii) Committee of officers chaired by Cabinet Secretary, including Finance Secretary, Commerce Secretary, Secretary (DIPP),

Secretary (Planning Commission)—to meet regularly to look into the suggestions made by Trade and Industry and the respective Administrative Ministries in respect of the current global economic and financial crisis and to recommend action to the Apex Group.

(b) Department of MSME and Department of Financial Services to jointly, monitor on the progress of the meetings of Monthly meeting of State level Bankers' Committee for resolution of credit issues of MSME.

(B) **Measures taken by RBI:**

I. **Increase in Liquidity to the banks for improving credit flow, by:**

(i) Reducing CRR, SLR, Repo rate and Reverse Repo rate (from Oct '08, CRR reduced from 9% to 5%, SLR reduced from 25% to 24% (now restored to 25% in Oct. '09), Repo Rate reduced from 7.5% to 4.75%, and Reverse Repo Rate reduced from 6% to 3.25%).

(ii) Refinance facility to the EXIM Bank for an amount of Rs.5000 crores for providing pre-shipment and post-shipment credit in Rs. or dollars;

(iii) A special re-finance facility has been put in place for banks for the purpose of extending finance to exports, micro and small enterprises, mutual funds and NBFCs. Provisioning requirements have been lowered. Export Credit Refinance facility for commercial banks increased to 50% of the outstanding Rupee Export Credit.

II. **Increase in FOREX Liquidity:**

(i) RBIs assurance for continued selling of foreign exchange (US $) through banks, to augment supply in the domestic foreign exchange market;

(ii) To enable banks to profitably lend to exporters in Foreign Exchange, Ceiling rates on export credit in foreign currency has been raised to LIBOR + 350 basis points, subject to the condition that the banks will not levy any other charges, *i.e.*, service charge, management charge, etc. except for recovery towards out of pocket expenses incurred.

III. **Easing of Credit Terms:**

(i) The period of pre-shipment and post-shipment Rupee Export Credit enhanced by 90 days each;

(ii) Time period of export realization for non-status holder exporters increased to 12 months, at par with the Status holders. This facility which was available upto 03.06.09, has been extended for one more year.

(iii) PSU Banks, consequent to measures announced by RBI, reduced the margin money on Guarantees for export units.

Sources of FDI in India

594. SHRI MOINUL HASSAN:
SHRI SHYAMAL CHAKRABORTY:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the total foreign investment in India from different sources;

(b) the names of the companies from different countries who have invested in India, sector-wise;

(c) the reasons for about 40 per cent of total investment enrouted from Mauritius; and

(d) the employment generated by these investments?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) The total foreign direct investment from August 1991 to September 2009 is US$ 121.85 billion.

(b) A statement on country-wise FDI inflows (including FDI inflows from Mauritius), from August, 1991 to September, 2009, is given in statement (*See* below). Company-wise data on foreign direct investment made by foreign investors is published as the "SIS Newsletter" on a monthly basis and made available on the website of the Department of industrial Policy and Promotion at http://siadipp.nic.in./publicat/pub_mn.htm. The online data is available since January, 1998. Copies of this publication are also available in the Parliament Library.

(c) Government has put in place a liberal and transparent policy for Foreign Direct Investment (FDI), including investments from Non-resident Indians (NRIs), wherein most of the sectors are open to FDI under the automatic route. Under the liberalized economic environment, investment decisions of investors are based *inter alia* on the overall macro-economic policy framework, investment climate in the host country, investment policies of transnational corporations and other commercial considerations. Residents of Mauritius are not required to pay tax in India on capital gains arising from transfer of shares, in terms of India's Double Taxation Avoidance Treaty with Mauritius. This could be one of the reasons for routing of investments through Mauritius.

(d) There is no centralized data on the employment generated by investments routed from Mauritius.